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HONOLULU

REWALD

THEFT SUSPECT PLANS TO SUE CIA

A flamboyant investment counselor accused of bilking his clients of millions of dollars is joining forces with one investor in an effort to prove the counselor's company was a CIA front and the agency should be responsible for the losses.

Ronald Rewald, jailed in lieu of \$140,000 bail pending trial on two counts of theft by deception, claims he worked for the Central Intelligence Agency for 21 years and that his bankrupt investment firm was financed by the agency.

Police allege that millions of dollars invested in Bishop, Baldwin, Rewald, Dillingham & Wong were squandered and say there's little chance the money will be recovered.

The CIA has said little about the case, but disputes Rewald's contentions. It acknowledges only a minor role for Rewald and the company, and said most of the firm's actions were not at its direction and it should not be held responsible for the losses.

After the company's collapse, CIA officials came to Hawaii and took six packets of documents from Rewald's files they claimed needed to be sealed for national security reasons. U.S. District Judge Martin Pence ordered the documents sealed in September.

Ted Frigard, who lost \$300,000 in Rewald's company, has filed a claim against the CIA and Rewald has agreed to assist in it, Rewald's lawyer, Robert Smith, said Friday.

Frigard had first hired noted San Francisco attorney Melvin Belli to sue Rewald for his losses. But after hearing Rewald's claims that he worked for the CIA, Belli suggested that action be taken against the agency instead.

Frigard, who also is writing a movie about Rewald's life, said Rewald told him he was associated with the CIA and that was one reason why he agreed to invest money in the company. Frigard said at first he felt he was swindled, but he now believes Rewald's story.

A court-appointed administrative controller of the bankrupt company, however, denied there is any CIA connection.

"No CIA funds were ever put into Bishop, Baldwin, Rewald, Dillingham & Wong other than minor reimbursements," said Thomas Hayes. "There is no case against the CIA whatsoever."

Hayes said he has a computer printout that shows most of the money came from investors and went to pay for Rewald's personal expenses.